



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Dear Assignment / News / Business Section Editor

Hong Kong Institute of CPAs takes disciplinary action Against a certified public accountant

(HONG KONG, 17 November 2010) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Lam King Hung (membership number A06498) on 8 November 2010, and ordered him to pay to the Institute a penalty of HK\$200,000 due to his conviction in Hong Kong of two offences involving dishonesty.

In addition, Lam was ordered to pay the costs of the disciplinary proceedings amounting to HK\$32,392.

Lam was the accounting manager of a subsidiary of Chinese Estates Holdings Limited (Chinese Estates). He was convicted in 2009 of two counts of insider dealing contrary to sections 291(1)(a) and 291(1)(b) of the Securities and Futures Ordinance, in that he purchased and sold in his own account and through his wife's account shares of Chi Cheung Investment Company, Limited which was, at the time, anticipated to enter into an asset swap with Chinese Estates. Lam was sentenced to eight months' imprisonment, fined and ordered to pay costs to the Securities and Futures Commission. Lam subsequently appealed against the conviction but his appeal was dismissed by the Court of Appeal in December 2009. After considering the information available and obtaining Lam's explanation of his conduct, the Institute lodged a complaint against Lam under section 34(1A) of the Professional Accountants Ordinance. The complaint was referred to the Disciplinary Panels in June 2010.

The Disciplinary Committee found, on Lam's admission, that the complaint against him was proven. Having taken into account the circumstances of the case, the Disciplinary Committee made the order as stated above against Lam.

Under the Professional Accountants Ordinance, Lam may give notice of an appeal to the Court of Appeal before 10 December 2010, i.e. within 30 days after he is served the order, if he is aggrieved by an order made under section 35(1) of the ordinance.

Findings of the Disciplinary Committee are available at the Institute's website under the "Compliance" section at www.hkicpa.org.hk.

Disciplinary proceedings of the Institute are conducted in accordance with Part V of the Professional Accountants Ordinance by a five-member Disciplinary Committee. The majority (three members) of each committee, including the chairman, are non-accountants chosen from a panel appointed by the Chief Executive of the HKSAR, and the other two members are CPAs.

Disciplinary hearings are held in public unless the Disciplinary Committee directs otherwise in the interests of justice. A hearing schedule is available at the Institute's website. A CPA who feels aggrieved by an order made by a Disciplinary Committee may appeal to the Court of Appeal, which may confirm, vary or reverse the order.

The Disciplinary Committees have the power to sanction members, member practices and registered students. Sanctions include temporary or permanent removal from membership or cancellation of a practising certificate, a reprimand, a penalty of up to \$500,000, and payment of costs and expenses of the proceedings.

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Note to editors

About the Hong Kong Institute of CPAs

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to certified public accountants in Hong Kong. The Institute has more than 30,000 members and 14,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation of *CPA*.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

The Hong Kong Institute of CPAs is a member of the Global Accounting Alliance – an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

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